85-1243

No.

Supreme Court, U.S.
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DEC 27 1985
JOSEPH F. SPANIOL, JR.
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In the

Supreme Court of the United States

OCTOBER TERM, 1985

NICK N. NOVICKY,

Petitioner,

vs.

SYNTEX OPHTHALMICS, INC. and
ARAPAHOE CHEMICALS, INC.
(now SYNTEX CHEMICALS, INC.),

Respondents.

NICK N. NOVICKY,

Petitioner,

vs.

GEORGE F. TSUETAKI and
FUSED KONTACTS OF CHICAGO, INC.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

1. Did not the Federal Circuit err in reinstating a judgment vacated by this Court, with the result that the Federal Circuit gave a preclusive effect to a state trial court judgment later reversed by a State Appellate Court where:

(a) the Illinois Appellate Court found that the state trial court judgment could not stand because it was procured through "fraud" and "unconscionable behavior", thus requiring that the state trial court judgment be vacated and the case retried;

(b) the Federal Circuit, notwithstanding the reversal by the Illinois Appellate Court, accorded

that state trial court judgment a collateral estoppel effect; and,

(c) the effect of the Federal Circuit decision is to prevent petitioner from availing himself of a right to prove title to certain patents in issue which was assured to him by the decision of the Illinois Appellate Court?

2. Should not the Federal Circuit have granted petitioner's petition for writ of mandamus where:

(a) the federal trial court entered a judgment while the case was still on appeal in the Federal Circuit; and,

(b) the mandate had not yet issued from the Federal Circuit, returning jurisdiction to the District Court?

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PETITIONER'S RULE 28 STATEMENT

Petitioner Nick N. Novicky, an individual, is affiliated with Progressive Chemical Research Inc.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner respectfully prays that a

writ of certiorari once again issue to review the judgment of the United States Court of Appeals for the Federal Circuit in its cause Nos. 84-838 and 84-857. That judgment reinstated a judgment that this Court had earlier vacated on March 18, 1985, when this Court granted certiorari and vacated the earlier judgment of the Court of Appeals of October 3, 1984 (Novicky v. Syntex Ophthalmics, Inc. (1985), ____ U.S. ____, 105 S.Ct. 1740, 84 L.Ed.2d 807).

OPINIONS BELOW

The original opinion of the Court of Appeals has been reported at 745 F.2d 1423. The opinion of the Court of Appeals, following remand by this Court is reported at 767 F.2d 901 and appears in the Appendix at A-47. The conflicting Illinois Appellate Court opinion is reproduced in the Appendix

hereto at A-30. The order of this Court is reported at ____ U.S. ____, 105 S.Ct. 1740, 84 L.Ed.2d 807.

JURISDICTION

The judgment for which this Court's review is sought was entered July 18, 1985 and rehearing was denied October 2, 1985. This Court has jurisdiction by virtue of 28 U.S.C. §1254(1).

THE CONSTITUTION PROVISION INVOLVED

U.S. Constitution, Amendment V

"No person shall...be deprived of life, liberty or property, without due process of law...."

STATEMENT OF THE CASE

This proceeding was commenced in the Circuit Court of Cook County in Chicago on

a complaint filed by Fused Kontacts of Chicago, Inc. and its president George F. Tsuetaki (hereinafter collectively referred to as "Tsuetaki") against his former employee Nick N. Novicky for breach of contract and misappropriation of trade secrets.

Novicky is a chemist, having been awarded his Masters degree in this country, following receipt of his bachelors degree from his native Czechoslovakia in 1963. He holds six patents.

A few months after Tsuetaki brought his state court action, Syntex Ophthalmics, Inc. and Arapahoe Chemicals, Inc. (hereinafter collectively referred to as "Syntex") brought an action in federal court in Chicago, alleging both misappropriation of trade secrets and patent infringement against both Novicky and Tsuetaki. Tsuetaki was thus in the position of asserting

trade secret protection in the state litigation, while denying the existence of such protection in the federal litigation. Both Tsuetaki and Syntex have taken different and inconsistent positions in the two courts, leading to irreconcilable conflicts between the state and federal courts, requiring this Court's intervention.

In so demonstrating, we ask this Court's indulgence to consider the following history of the controversies.

A. The Background Facts.

Syntex, in early 1977, purchased technology which formed the basis for its business of making and selling gas-permeable contact lenses called "Polycon" -- lenses which are permeable to oxygen and hence allow oxygen from the air to pass through the lenses and contact the cornea. That allows such lenses to be worn for longer

periods of time as compared to contact lenses available before.

The contact lenses in question are made from two major chemical materials, one of which is a silicon-containing compound known as a "silicone monomer". Those chemicals or their use together to form clear plastics were not new. In fact, it is because of Sytnex' fragile patent position that it has invested millions of dollars in fighting Novicky as a lone inventor.

Novicky went to work for Syntex in 1973 as a chemist. When Syntex set up its Polycon contact lens project in early 1977, Novicky was transferred to that project, optimizing the procedures by which Syntex' lenses were made. Novicky's procedures, called "batch sheets", were dis-

carded by Syntex before this litigation ever began.

Novicky's work on the project quickly led to problems. Tiring of the tedious task of running chemical reactions over and over for the Food and Drug Administration, Novicky wandered from his assigned task to develop new and better chemicals for use in making such lenses. Novicky's boss soon ordered him to stop until FDA approval for the planned lens was in hand. Frustrated over his plight and Syntex' contention that Novicky, having only a Masters degree and not a Ph.D., was not qualified to do such basic research, Novicky, on May 12, 1978, was forced to resign.

B. Novicky's Connection With Tsuetaki.

Novicky, after leaving Syntex, set out to prove that Syntex was wrong; he

conceived of an important invention -- a new family of silicone monomers, one of which was later called S-9. With that in hand, Novicky contracted with Tsuetaki, whereby Novicky was hired to develop his new product and he, in turn, assigned his rights therein to Tsuetaki pursuant to the August 31, 1978 agreement (A-1).

Enter Syntex' problem. Novicky's new monomer was not only <u>better</u> than the monomer of Syntex, so too it was <u>beyond the reach of Syntex' patents</u>!

Within a few months of signing their agreement, Novicky began transforming his invention into a commercial product that became known as the "GN-1" lens marketed by Tsuetaki. Tsuetaki first sold that new product outside the United States. Because the lens was far superior to that sold by Syntex, Tsuetaki's sales began to flourish. At the same time, however, Tsuetaki became

greedy; Novicky was no longer permitted to do the development work he was hired for. Instead, he was asked to produce more and more GN-1 material for Tsuetaki to sell. In May of 1980, Tsuetaki agreed to pay Novicky $1.00 royalty per rod of GN-1 material from the very same '303 patent now in dispute. Finally, Novicky couldn't produce enough material covered by Novicky's '303 patent to keep Tsuetaki happy.

Novicky, experiencing the same kind of problem he had had at Syntex, resigned in June of 1980. Novicky offered to stay on the job for a few months to train his successor; Tsuetaki refused Novicky's offer, and terminated Novicky's employment on the spot.

C. The State Court Litigation.

Shortly after Novicky left, Tsuetaki brought suit in the Circuit Court of Cook

County for alleged breach of the employment agreement. Among other things, Tsuetaki sought an order directing Novicky to assign to him title to certain patent applications Novicky had filed in his name as the inventor.

Novicky denied Tsuetaki's charges, alleging in his first affirmative defense that Tsuetaki had fraudulently induced Novicky to enter into the August 1978 agreement and that Novicky was entitled to rescission of the agreement (A-18). Novicky also averred that the August 1978 agreement, even if it were enforceable, had been modified by further written agreements. In addition, Novicky counterclaimed for breach of contract on the part of Tsuetaki and specifically prayed for an order compelling Tsuetaki to reassign to Novicky the '303 patent -- and others as well (A-26).

At the trial of the state court action, Tsuetaki disavowed every one of the

supplemental agreements that he had signed, contending that each had been coerced by reason of Novicky's alleged slowdown of production so that Tsuetaki could not fill his orders. Even though the technology relating to the GN-1 material had been disclosed to the world in Novicky's '303 patent, Tsuetaki argued also that such technology represented trade secrets which he owned. Following a trial on the merits, the Circuit Court ruled that Novicky had breached his employment agreement. Among other things, the Circuit Court entered an injunction enjoining Novicky from:

> ...disclosing to any person... technology involved in the manufacture of contact lenses including, but not limited to, those which could, would or did lead to the filing of applications for letters patent."

The Circuit Court also ordered Novicky to repay the monies paid him for his work on

the FDA file; it voided ab initio the $1 per rod agreement.

During the trial of the state court action, Syntex sought to monitor the proceedings to determine if its trade secret rights were involved. Counsel for Tsuetaki objected, and Novicky's former counsel took the same view despite Novicky's express instruction to the contrary. The protests soon became moot. On November 21, 1980, Syntex filed suit in the United States District Court for the Northern District of Illinois, naming both Tsuetaki and Novicky as defendants.

D. The Syntex Complaint.

The original complaint filed by Syntex (Civil Action No. 80 C 6257) alleged that Novicky learned of Syntex' trade secrets

while working on its Polycon project, and then wrongfully transmitted those trade secrets to Tsuetaki. Its complaint was later amended to include not only the same cause of action for misappropriation of trade secrets, but also an allegation that both Novicky and Tsuetaki had infringed Novicky's '303 patent which Syntex pleaded that it owned.

E. The Post-Judgment Events In The Circuit Court.

After Syntex' federal action was filed in November of 1980 and after the Circuit Court had entered its judgment in the state case, Novicky, responding to a document request in the federal action, turned over some of his documents to Syntex' counsel, a move which Tsuetaki interpreted as a violation of the Circuit

Court's injunction. Tsuetaki then moved before the Circuit Court to hold Novicky in contempt.

Not only did Novicky respond to Tsuetaki's petition in the state court, but so did Syntex. As a result, Tsuetaki filed a supplemental complaint in the state court action, seeking in new Count V declaratory judgment against both Syntex and Novicky and asking the Circuit Court to declare that its January 13, 1981 judgment applied to Syntex as well as Novicky.

On July 10, 1981, the Circuit Court granted Tsuetaki's motion to add Syntex as a party, holding that a special appearance Syntex had filed was, in reality, a general appearance.

At the same time, it denied Novicky's

motion for a new trial.

Next came two events of critical importance. Four days after the Circuit Court's order of July 10, 1981 adding Syntex as a party, Novicky filed a notice of appeal to the Appellate Court of Illinois, First District, seeking review of the Circuit Court's order of January 13, 1981, granting judgment to Tsuetaki, and also the Circuit Court's order of July 10, 1981, denying Novicky's motion for a new trial.

Three days after Novicky filed his notice of appeal, Syntex filed a removal petition, purportedly removing the Circuit Court action to federal court in Chicago. Unaccountably, that removal petition was not filed in the Illinois Appellate Court where the case was pending; it was filed in the Circuit Court after Novicky's no-

tice of appeal had already transferred the case to the Illinois Appellate Court. (That "removed" action was assigned Civil Action No. 81 C 4050 in the District Court.)

F. The Disposition Of Novicky's Appeal.

In the meantime, Novicky filed a petition under §72 of the Illinois Civil Practice Act, asking that the judgment of the Circuit Court be vacated on the basis of newly-discovered evidence. The new evidence which Novicky refered to the Circuit Court included discovery taken by Syntex in its original federal action, 80 C 6257, showing that Tsuetaki and his comptroller testified untruthfully in the Circuit Court by saying that the supplemental agreements entered into by Tsuetaki and Novicky had been coerced. Thus, the new evidence established that the very cornerstone of Tsue-

taki's case against Novicky was grounded on perjury.

The Circuit Court dismissed Novicky's petition; Novicky also appealed that order. His appeals were consolidated and argued before the Illinois Appellate Court. On December 7, 1983, the Appellate Court reversed the Circuit Court's decision in its entirety, holding that Tsuetaki and his comptroller had committed "fraud" and were guilty of "unconscionable behavior" in giving "apparently false testimony". The Illinois Appellate Court held also that Syntex was an indispensible party to the controversy, and remanded the case to the Circuit Court for a new trial.

On December 28, 1983, Tsuetaki filed a petition for rehearing, asking the Illinois Appellate Court to vacate its deci-

sion and dismiss Novicky's appeals, on the theory that Syntex' removal petition, filed three days after Novicky's notice of appeal, had divested the Appellate Court of jurisdiction.*

G. The Federal Court Proceedings.

After Syntex filed its petition purporting to remove the Circuit Court action, Tsuetaki moved to remand. That motion was denied by the District Court on March 24, 1982 -- after Novicky's opening brief had been filed in the state court appeal. Even though Novicky had, on appeal, the Circuit Court's January 13, 1981 order, the District Court ruled that Novicky "had

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* Tsuetaki's petition for rehearing was filed pro se, although it was obviously the work of Syntex' lawyers. Syntex followed up with its own petition for rehearing. Tsuetaki's petition for rehearing is still pending before the Illinois Appellate Court.

no claim or interest remaining" in the technology at issue, and thus his presence as a co-defendant did not destroy diversity in Tsuetaki's state action against Syntex. The District Court then consolidated, for all purposes, the removed action, 81 C 4050, with the original action, 80 C 6257, under the caption of the latter.

In due course, the District Court, on May 6, 1982, granted Syntex a preliminary injunction -- without ever holding an evidentiary hearing to determine the disputed factual issues.

H. The District Court's Disposition Of Novicky's Counterclaims.

While working for Syntex, Novicky, in violation of his boss' orders not to conduct research on new silicone monomers, contemplated some additional monomers for use in making gas-permeable contact lenses.

After he left Syntex and hence was under no such restraint, Novicky began to work on new silicone monomers, ultmately patenting those monomers in his '483 and '939 "private" patents involved in the state court litigation.

Because Syntex had claimed title to those patents, Novicky, by way of a counterclaim filed in August of 1982, averred that Syntex had committed fraud and was seeking unjust enrichment in arguing that it held title to the private patents.

Novicky's counterclaim was dismissed by the District Court on the ground of collateral estopppel arising from the Circuit Court judgment -- then on appeal. The District Court was, of course, unaware that Tsuetaki's judgment against Novicky, giving rise to the estoppel, had been se-

cured through "fraud" and "unconscionable behavior". In the view of the District Court, the Circuit Court judgment established Syntex as the owner of all of Novicky's patents, leaving Novicky with no standing to litigate with Syntex respecting Novicky's rights to those patents.

I. The District Court's Disposition Of The Title Issue On Summary Judgment.

On the eve of trial of the federal case, Syntex and Tsuetaki settled the controversy between them. Relying on the settlement agreement between Syntex and Tsuetaki, Syntex moved for summary judgment, assuring the court that Tsuetaki was to assign to Syntex all of his rights in the Novicky patents and applications involved in the case, specifically including the '303, '483 and the '989 patents. Syntex argued that, by reason of its agreement

with Tsuetaki, it owned what Tsuetaki formerly owned and that Novicky was collaterally estopped by the state court judgment from denying Tsuetaki's title.

The District Court adopted Syntex' arguments, granting its motion for summary judgment -- all without ever permitting Novicky or his counsel to see the mysterious settlement agreement.*

J. The Trial Of The District Court Action.

Having disposed of the title issue on summary judgment, the District Court set the remaining phase of the case -- Syntex'

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* Because the settlement agreement was the cornerstone of Syntex' motion for summary judgment, Novicky asked to see the agreement on which the Syntex motion was based. Unaccountably, the District Court refused to order Syntex to produce that agreement even though its motion for summary judgment was based directly on it.

claim for misappropriation of trade secrets -- for trial in June of 1983, Novicky acting pro se. The District Court, on December 12, 1983, project, and entered an order prohibiting Novicky from using Syntex' alleged trade secrets for twenty years from the date he left Sytnex' employ. The injunction also barred Novicky from using or disclosing information contained in the Novicky-prepared Syntex "batch sheets" which were "not found in public domain documents" -- notwithstanding that experts for both sides as well as Syntex research people all agreed that the information in the "batch sheets" was all in the public domain.

The injunction also barred Novicky from using his own S-9 monomer with "any of the reaction steps, specific reaction conditions, procedures, preparatory steps or reagents" -- without ever hearing a

word of evidence on the issue of whether Novicky had conceived those monomers while he was a Syntex employee (and hence Syntex might arguably have rights to them), or after he left Syntex' employ (when Syntex would have no rights to them at all).*

K. The Decision Of The Federal Circuit.

Novicky took his appeal to the Court of Appeals for the Federal Circuit. On October 3, 1984, the Federal Circuit, in large measure, reversed the decision of the District Court. It reversed the injunction, finding that it was "clear error and an abuse of discretion" to extend the injunction for twenty years. The Federal Circuit remanded the case to determine the proper

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* The District Court was aware, at the time of its decision, that the state court judgment, on which it had based collateral estoppel, had been reversed; unaccountably, it refused to vacate its earlier rulings based on estoppel.

scope of any injunction entered after remand (Syntex Ophthalmics, Inc. v. Novicky (Fed. Cir., 1984), 745 F.2d 1423).

To its credit, the Federal Circuit rejected Syntex' argument that the Illinois Appellate Court had no jurisdiction; it agreed with Novicky that his notice of appeal, filed before the removal petition, divested the Circuit Court of jurisdiction as to Counts I-IV and hence the District Court, on filing of the removal petition, acquired no jurisdiction over Counts I-IV.*

The Federal Circuit ruled that no collateral estoppel could arise from that part of the state court judgment which was

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* The Federal Circuit's conclusion that only Count V was removed was dead wrong! In denying Novicky's motion to remand filed after the District Court's decision on the merits (but before final judgment), the District Court itself referred to Syntex having "removed the entire action to this court...."

reversed, namely the '483 and '989 "private" patents. Even though the Illinois Appellate Court reversed the entire judgment entered by the Circuit Court and remanded the entire case for a new trial, the Federal Circuit gave the now defunct Circuit Court judgment -- held to be procured through "fraud" -- a collateral estoppel effect with respect to the remaining patents.

The practical effect of that ruling was to deny Novicky a hearing as to the issue of ownership of the patents here involved -- and to force him to once again litigate the same issues in two different forums. He would have obtained that hearing in the Circuit Court, once the case is remanded for the new trial as ordered by the Appellate Court. However, because of the collateral estoppel effect erroneously given that judgment by the Federal Circuit, Novicky is once again denied that hearing;

and the Federal Circuit and the Illinois Appellate Court are in a head-to-head conflict.

L. Novicky's First Certiorari Petition And This Court's Ruling On It.

Protesting that he had been denied due process when the Federal Circuit stripped him of his right to a new trial that he won in the Illinois Appellate Court, Novicky came to this Court, applying for writ of certiorari to the Court of Appeals for the Federal Circuit in Cause No. 84-1089.

This Court, on March 18, 1985, ignoring Syntex' plea that Novicky's certiorari petition was frivolous, vacated the judgment of the Court of Appeals, remanding it to the Court of Appeals for further consi-

deration in light of Marrese v. American Academy of Orthopaedic Surgeons (1985), 470 U.S. ____, 105 S.Ct. 1327, 84 L.Ed.2d 274.

M. Back To The Federal Circuit.

On remand to the Federal Circuit, the Court of Appeals reinstated the very judgment which this Court had vacated (Syntex Ophthalmics, Inc. v. Novicky (Fed. Cir., 1985), 767 F.2d 901).

The Federal Circuit just ignored this Court's order, finding that Illinois law holds that the mandate of the Illinois Appellate Court should be construed in light of the opinion and that it was free to ignore the ruling of the Illinois Appellate Court that Novicky was entitled to a new trial on the ownership of the "non-

private" patents. The Court of Appeals never addressed the question of whether its decision, according a collateral estoppel effect to a judgment reversed by an Illinois Appellate Court and awarding a new trial, deprived Novicky of a right that he had earned when he secured reversal of the original Illinois judgment on the ground that it was procured through "fraud" and "unconscionable behavior".

Novicky petitioned for rehearing in the Court of Appeals, suggesting rehearing en banc. That was denied on October 2, 1985.

N. Proceedings In The District Court Are Resumed.

In the meantime, the District Court resumed its consideration of the case as remanded by the Federal Circuit.

After this Court vacated the judgment of the Federal Circuit and remanded the case to it, the District Court nonetheless proceeded with the case. Before this Court acted on Novicky's certiorari petition, the District Court rejected a jury demand filed by Novicky respecting his newly-reinstated counterclaim, holding that it came too late -- even though Syntex had never replied to that counterclaim. After it was pointed out that Syntex had not replied to the counterclaim and hence Novicky's jury demand was timely, the District Court nevertheless struck the jury demand for the additional reason that it raised, in part, an equitable issue -- a clear violation of this Court's landmark decision in Dairy Queen, Inc. v. Wood (1962), 369 U.S. 469.

The District Court, on September 4, 1985 -- before the mandate following the

judgment of the Court of Appeals of July 18, 1985 was ever issued -- entered a Memorandum Opinion and Order and Revised Final Injunction. Novicky petitioned for writ of mandamus, asking the Court of Appeals to direct the District Court to refrain from exercising jurisdiction until the Federal Circuit issued its mandate.

What the Court of Appeals did was to deny Novicky's petition for rehearing and decline his suggestion for rehearing en banc on October 2, 1985. Then it ruled on October 16, 1985 that the petition for writ of mandamus or prohibition was moot, and therefore should be denied. The Court of Appeals never did address the question of whether the Memorandum Opinion and Order and Revised Final Injunction entered by the District Court on September 4, 1985 -- before the mandate was issued -- had any

validity at all. And, of course, it clearly did not since it was issued by the District Court before jurisdiction was returned to it from the Court of Appeals.

REASONS FOR GRANTING THE WRIT

When Novicky applied to this Court for certiorari the first time, he said that this case was in shambles. That statement applies with redoubled emphasis now.

The Federal Circuit, despite this Court's Order of March 18, 1985, has failed to address the question of whether it, in according a collateral estoppel effect to a state court judgment reversed on appeal, has denied Novicky a trial on the issue of title to property which the Illinois Appellate Court said he was entitled to. Novicky,

an individual with limited resources, has, by reason of the judgment of the Court of Appeals, been deprived of his property without due process of law by reason of wrongful federal interference with the state courts, as will now be shown.

A. Novicky Has Been Deprived Of Property Without Due Process Of Law By The Federal Circuit's Finding That The State Court Judgment Is Entitled To A Preclusive Effect.

The fundamental error committed by the Federal Circuit, first in its judgment of October 3, 1984 and then repeated in its July 18, 1985 judgment, was its finding that the Illinois Circuit Court judgment, reversed by the Illinois Appellate Court, was entitled to even a limited preclusive effect respecting title to four of Novicky's patents in issue.

As the Court will recall, Tsuetaki, in the now-defunct Illinois Circuit Court judgment, was awarded title to all of Novicky's patents. That judgment, the Illinois Appellate Court held, was procured through "fraud" and "unconscionable behavior". But for that "fraud" and "unconscionable behavior", Novicky would have succeeded in his plea that the August 31, 1978 employment agreement should have been rescinded, and Novicky would have been awarded title to all of the patents in issue.

When the Illinois Appellate Court discovered that "fraud" and "unconscionable behavior", it ruled that the Illinois Circuit Court judgment could not stand; it reversed the judgment and remanded the entire case for a new trial. Not only did the Illinois Appellate Court find the judg-

ment void as procured through "fraud" and "unconscionable behavior", so too it found the judgment void because the Illinois Circuit Court lacked an indispensable party to the controversy, namely Syntex.

When that case is retried, pursuant to the Illinois Appellate Court's mandate, Novicky will be given an opportunity to prove that he is entitled to rescission of the August 31, 1978 agreement and that he should have title to the '303 and other patents in issue.

But the Court of Appeals for the Federal Circuit, by according the defunct Illinois Circuit Court judgment a collateral estoppel effect as to the '303 and other patents, literally takes away Novicky's right to a trial established by the Illinois Appellate Court decision.

In sum, the Federal Circuit, in according the Illinois Circuit Court judgment a collateral estoppel effect, is in direct conflict with the Illinois Appellate Court's holding that Novicky is entitled to a new trial.

B. The Court of Appeals Failed To Follow This Court's March 18, 1985 Judgment.

This Court, in vacating the original judgment of the Court of Appeals, directed the Court of Appeals to reexamine its holding in light of Marrese v. American Academy of Orthopaedic Surgeons (1985), 470 U.S. ___, 105 S.Ct. 1327, 84 L.Ed.2d 274. While the Federal Circuit gave lip service to that order, it failed to substantively do what this Court directed. Novicky pointed out that, under Illinois law, the mandate of an Illinois Appellate Court, as distin-

guished from its opinion, is controlling, citing PSL Realty Company v. Granite Investment Company (1981), 86 Ill.2d 291, 427 N.E.2d 563, 571. The Court of Appeals made light of Novicky's argument, concluding that PSL Realty, and other Illinois cases, hold that "the mandate should be construed in light of the opinion...." (767 F.2d at 903).

That holding will just not withstand analysis in light of the express holding of the Illinois Supreme Court in PSL Realty, when it wrote (86 Ill.2d at 308):

> "The correctness of the trial court's action on remand is to be determined from the appellate court's mandate, as opposed to the appellate court opinion."

Only if the mandate says that further proceedings are to be conducted in conformity

with the opinion does the content of the opinion become significant. On that point, the Illinois Supreme Court wrote (at 308):

> "However, if the direction is to proceed in conformity with the opinion, then, of course, the content of the opinion is significant."

In this case, the Illinois Appellate Court concluded its opinion with the following statement (18a-19a):

> "For the foregoing reasons, the judgment of the circuit court of Cook County is reversed and remanded for a new trial."

That was the mandate of the Illinois Appellate Court. It did not order retrial on some of the issues as the Court of Appeals seem to suggest (Cf. 767 F.2d at 903).

Wholly apart from considerations of Illinois law, the holding of the Court of Appeals for the Federal Circuit stands in naked violation of federal law, namely 28 U.S. Code §1738. That statute demands that Illinois judicial proceedings "have the same fully faith and credit in every court within the United States...as they have by law or usage in the courts"* of Illinois.

The Federal Circuit, by refusing to recognize that Novicky won a new trial in the Illinois Appellate Court, has violated in the clearest terms that statute.

C. Wrong Was The Federal Circuit In Concluding That Only The Private Patents Were Affected By The Illinois Appellate Court Decision.

The rationale of the Court of Appeals

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* The emphasis is supplied.

for its original October 3, 1984 judgment as well as its July 18, 1985 judgment rests on the conclusion that only the private patents were affected by the Illinois Appellate Court's reversal of the state trial court decision. That conclusion itself violates §1738 in its own right.

Thus:

(1) The judgment Tsuetaki procured against Novicky in the Illinois Circuit Court was procured through "fraud" and "unconscionable behavior". No judgment so tainted can be given any collateral estoppel effect under any standards of fairness (Parklane Hosiery Co. v. Shore (1979), 439 U.S. 332.

(2) The Illinois Appellate Court held also that Syntex was an indispensable

party and that "due process" required its presence as a party before the state trial court could proceed with a disposition of the cause. The Illinois Circuit Court judgment, therefore, was void ab initio because the court lacked jurisdiction (Glickauf v. Moss (1st Dist., 1974), 23 Ill.App.3d 679, 320 N.E.2d 132; National Bank of Albany Park in Chicago v. S.N.H., Inc. (1st Dist., 1975), 32 Ill.App.3d 110, 336 N.E.2d 115).

(3) The Illinois Appellate Court decision reinstated (a) Novicky's affirmative defense of rescission of the agreement and Novicky's counterclaim seeking title to the patents in issue which had been dismissed by the Illinois trial court. If Novicky can prevail on either one of those issues in a retrial before the Illinois Circuit Court, then he can establish,

as against Tsuetaki (from whom Syntex derives its only rights), then Novicky is entitled to the patents in issue.

Anent point (3), the decision of the Illinois Appellate Court vacating the state court judgment reopens the very question of whether Novicky was obligated to reassign the '303 patent (and the others as well), and consequently reopens that very part of the judgment which the Federal Circuit has held should have a preclusive effect.

In sum, under the clear mandate of Marrese, the proceeding before the Illinois Appellate Court must be given "the same full faith and credit" in the Court of Appeals for the Federal Circuit as it has in the Illinois courts. And the Illinois courts have spoken, ruling that Novicky is entitled to a new trial.

The Federal Circuit's decision strips Novicky of that right, and thus the holding of the Federal Circuit amounts to improper interference of the federal courts with matters of purely state concerns.

CONCLUSION

The Court of Appeals gave a preclusive effect to a judgment which the Illinois Courts have held cannot stand. Petitioner prays, most respectfully, that the writ of certiorari again be issued to correct the error that this Court ordered be corrected when it granted certiorari before.

Respectfully submitted,

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